

June 10,1998

Amy Sobehrad
Division of Integrated Health Systems
Family and Children’s Health Programs Group
Center for Medicaid and State Operations
Health Care Financing Administration
7500 Security Boulevard
Baltimore, Maryland 21244
By FACSIMILE: 410-786-5515

Re: Minnesota Child Health Insurance Program State Plan

Dear Ms. Sobehrad:

This is in response to the reviewing committee’s four questions regarding Minnesota’s proposed Child Health Insurance State Plan. We are providing **an** explanation in this letter and enclose amended content to certain State plan pages.

You have asked for **an** explanation of the source of non-Federal funds for the Title XXI expenditures in the State Plan. As the budget indicates, there is a state and county share to the non-Federal expenditures. In actuality, all of the non-Federal share **of** expenditures is made from the **State’s** general fund. The county share is handled in the form of **an** advance, **and** reimbursement is made by the counties to the State. The State’s general fund does not contain any revenues from impermissible provider taxes or donations.

Section 9.10 has been mended **to** include this information. That section has also been amended to explain that the basis for the estimated program costs as the average Medical Assistance Program capitation rate, trended forward, and to include administrative **costs** for **a** one-time alteration to add a new category of children to the eligibility system.

With regard to question three on assuring that cost-sharing is within the limits of Title XXI, our Medical Assistance program does not contain cost-sharing features of any kind. Premiums are charged in the MinnesotaCare Program which only received approval in 1995 for federal matching funds for children and pregnant women as part of Minnesota’s Health Care Reform **Waiver**. We do not propose to expand the MinnesotaCare Program income level for children under age two.

Minnesota’s Child Health Insurance Program **State** Plan proposes an expansion in Minnesota’s Medical Assistance Program for the group of children under **age** two with income between 275%

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and 280% of the Federal poverty level. Minnesota covered children with income **at** or below
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275% of the Federal poverty level, ~~from~~birth to age one ~~through~~ the Medicaid State Plan (1902(r)(2)). As part of the 1995 approval of the Health Care Reform Waiver, this group was expanded to children under **age** two in the Medical Assistance program. Neither the Medicaid State Plan, nor the waiver for children between age one **and** two enrolled in the Medical Assistance Program, provide for cost-sharing.

Finally, we have amended section **9.5** to confirm that we intend to meet the annual assessment and reporting requirements through the Medicaid annual reporting requirements.

I hope this provides you with the information you need on Minnesota's Children's Health Insurance State Plan. Please do not hesitate to contact me if you require further information.

Sincerely,

Mary B. Kennedy, Medicaid Director
Assistant Commissioner Health Care Administration

Enclosures

cc: Barbara Englund, Health Care Financing Administration, Region V

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- 94 X The state assures it will collect all **data**, maintain records and furnish reports to the Secretary at the times and in the standardized format that the Secretary requires. (Section 2107(b)(1))
- 95 X The state assures it will comply with ~~the~~ annual assessment and evaluation required under Section 10.1 and 10.2. **(See Section 10)** Briefly describe the **state's** plan for these annual assessments and reports. (Section 2107(b)(2))

The **State's** annual assessment of the effectiveness of the **state plan** will be met through the **required reporting** in the Medical Assistance Program, including the HCFA-64, the -2082, the -37, the -416, and any quality assurance information from managed care reviews.

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- 9.6 X The state assures it will provide the Secretary with access to any records **or** information relating to the plan for purposes of review of audit. (Section 2107(b)(3))
 - 9.7 X The state assures that, in developing performance measures, it will modify those measures to meet national requirements when such requirements are developed.

9.10 Provide a budget for this program. Include details on the planned use of funds and sources on the non-Federal share of plan expenditures. (Section 2107(d))

The source of the non-Federal share of plan expenditures is state and county funds. All expenditures are made from the State's general fund, essentially advancing the county its share. The county later reimburses the state for its share. The State's general fund does not contain revenue from impermissible provider taxes or donations,

The estimated cost of this expansion is outlined in the budget below. The estimates are based on the State's average Medical Assistance capitation rate, trended forward. The administrative costs are attributable to a one-time systems change to add a new eligibility group.

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Number of Eligibles	5	12	12
Avg. Monthly payment	\$ 490.75	\$ 513.32	\$ 538.48
Total Program Payments	\$26,584.00	\$74,153.00	\$77,541.00
With Enhanced FMAP			
under Title XXI:			
State share	\$8,015.00	\$22,357.00	\$23,541.00
County share	\$ 891.00	\$ 2,484.00	\$ 2,598.00
Federal share	\$17,679.00	\$49,312.00	\$51,565.00
Total Administrative Costs			
Systems changes	\$ 150,000.00		
With enhanced FMAP			
under Title XXI:			
10% of Total. Program	\$ 2,658.40		
Federal Share	\$ 1,768.00		
State Share	\$ 890.40		

(Based on Minnesota's enhanced FMAP rate of .665.)

Administrative Costs at the
50% Administrative Matching
Rate under Title XIX:

Balance of Costs	\$ 147,341.60
Federal Share	\$ 73,670.80
State Share	\$ 73,670.80